Operational due diligence for the acquisition of a medical device product line

Many acquisitions carry operational and supply-chain complexity that financial or legal diligence was never designed to find.

WHAT FINANCIAL DILIGENCE SHOWED

Clean margins

WATERLINE

WHAT OPERATIONAL DILIGENCE REVEALED

Supplier vulnerabilities	19
Compliance & regulatory gaps	14
Integration & transition gaps	8
Order & payment transfer risks	7
Post-LOI open questions	21

RISK REGISTER

4	CRITICAL Any one a potential deal-stopper
11	HIGH Deal conditions or leverage
5	MEDIUM Price adjustment levers

OUTCOME

Remediation and seller retainership written into the conditions for close.

IF UNDETECTED | Manufacturing hold · product recall · multi-year compliance remediation. All inherited at close.

A global MedTech acquirer had identified a complementary product line with steady sales and meaningful potential to serve more of their customer base. The product had sold well for over a decade with almost no marketing. That same period saw little operational investment in the business behind it.

Before committing, the buyer needed to know what they would actually be acquiring. Financial and legal reviews set the headline terms, but the real question was whether the supply chain and manufacturing operations would hold up. The buyer needed someone with plant-floor experience: someone who could examine operations firsthand, read what employees signal when asked the right questions, and surface the risks that never appear in a data room.

The assessment started before any documents were signed. Structured questions went to the seller in advance. Interviews followed with plant managers, operations staff, and key employees across the seller's facilities. Manufacturing was examined from raw material through to finished product: supplier dependencies, order flows, inventory management, regulatory compliance, and transition readiness each evaluated in turn.

Four findings were **critical**. Eleven more were serious enough to reshape the terms. Twenty-one structured questions were scoped for the post-LOI phase, so the integration team could move immediately after signing.

CRITICAL	HIGH	MEDIUM
Any one of these was a potential deal-stopper.	Serious enough to become deal conditions or negotiating leverage.	Would need to be actively managed after close.

An acquirer who closed without this review may have inherited unvalidated manufacturing processes and undocumented supplier qualifications. For a regulated medical device, that exposure can trigger a manufacturing hold, a product recall, or a multi-year compliance remediation program, all at the acquirer's cost.